

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 020861

46

ORIGIN EUR-03

INFO OCT-01 SS-05 ISO-00 /009 R

66011

DRAFTED BY EUR/RPE:JTMCCARTHY:CC

APPROVED BY EUR/RPE:JTMCCARTHY

----- 081801

R 290138Z JAN 76

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

LIMITED OFFICIAL USE STATE 020861

LIMDIS

FOLLOWING REPEAT STATE 020861 ACTION PANAMA 28 JAN

QUOTE

LIMITED OFFICIAL USE STATE 020861

LIMDIS

E.O. 11652: N/A

TAGS: EAGR, EPAP, ETRD, PN

SUBJECT: 1976 MEAT IMPORT PROGRAM

REF: (A) PANAMA 8007 (1975); (B) PANAMA 0059;

(C) PANAMA 0201

1. DEPARTMENT APPRECIATES EMBASSY VIEWS AND HAS GIVEN
SERIOUS CONSIDERATION TO PANAMA'S MEAT EXPORT PROBLEM
AND ITS HIGH LEVEL APPEALS FOR AN EXPANSION OF THOSE
EXPORTS TO THE U.S. IN 1976. HOWEVER DIFFICULTIES
IN CHANGING THE RELATIVE ALLOCATIONS FOR PARTICIPANTS
IN THE VOLUNTARY RESTRAINT PROGRAM, AND THE REAL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 020861

POSSIBILITY THAT THE PROGRAM COULD FAIL IF WE ATTEMPTED

TO DO SO, HAVE LED US TO SEEK OTHER APPROACHES TO THE PROBLEM. WE HAVE MADE ARRANGEMENTS WITH THE EC COMMISSION THAT CONSTITUTE A SERIOUS ATTEMPT TO ACCOMMODATE PANAMA AND WE BELIEVE COULD LEAD TO SUBSTANTIAL INCREASES IN TOTAL PANAMANIAN MEAT EXPORTS.

2. THE POSSIBILITY OF AN EC MARKET SOLUTION FOR PANAMA'S PROBLEM WAS PROPOSED AT THE MEETINGS VICE-MINISTER GONZALES HAD WITH ARA DEPUTY ASSISTANT SECRETARY ALBERT FISHLOW JANUARY 23 AND EB DEPUTY ASSISTANT SECRETARY JULIUS L. KATZ ON JANUARY 26. GONZALES HAD REQUESTED

THE MEETINGS TO PRESENT HIS CASE FOR A 1976 MEAT EXPORT ALLOCATION OF 10 MILLION POUNDS. GONZALES ARGUED THAT DURING THE 60'S AND EARLY 70'S PANAMA EXPORTED TO THE U.S. CONSIDERABLY MORE THAN WAS ALLOWED UNDER THE 1976 PROGRAM. HE ASSERTED THAT DEPRESSED EXPORTS DURING THE YEARS USED AS A BASE PERIOD FOR THE CURRENT PROGRAM WERE DUE TO A DELIBERATE POLICY OF REDUCED SLAUGHTERINGS AS PART OF A PROGRAM SUPPORTED BY US GOVERNMENT AGENCIES TO INCREASE PANAMA'S LONG-RUN EXPORT CAPACITY. GONZALES ASKED FOR A RESTORATION OF THE EXPORT POSITION PANAMA HAD PRIOR TO THE 1973-74 BASE PERIOD.

3. THE U.S. RESPONSE WAS AS FOLLOWS:

A. THE UNITED STATES MIGHT FIND IT IMPOSSIBLE TO CONCLUDE AGREEMENTS WITH OTHER VOLUNTARY RESTRAINT PROGRAM PARTICIPANTS IF SPECIAL CONSIDERATION WERE GIVEN TO ANY ONE COUNTRY REPRESENTING A DEVIATION FROM THE APPLICATION OF THE HISTORIC PERFORMANCE STANDARD USED TO CALCULATE 1975 ALLOCATIONS. ONCE SUCH A SPECIAL CONSIDERATION FACTOR WERE USED, OTHER COUNTRIES COULD MAKE SIMILAR APPEALS AND THE PROGRAM MIGHT BECOME NON-NEGOTIABLE.

B. IMPLEMENTATION OF THE VOLUNTARY RESTRAINT PROGRAM WITHIN THE QUANTITATIVE LIMITS DECREED BY THE PRESIDENT AVOIDS IMPOSITION OF MANDATORY QUOTAS THAT WOULD BE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 020861

AT A LEVEL 100 MILLION POUNDS BELOW THE VOLUNTARY RESTRAINT LEVEL. UNDER THE MANDATORY QUOTA PROGRAM THERE WOULD BE NO REALLOCATION OF SHORTFALLS RESULTING IN A FURTHER REDUCTION OF ACTUAL IMPORTS. THUS ALL EXPORTERS TO THE U.S. WOULD BE DAMAGED BY FAILURE OF THE VOLUNTARY RESTRAINT PROGRAM.

C. THE UNITED STATES HAS USED ITS GOOD OFFICIES

(IN CONFIDENCE) IN ARRANGING WITH THE EC COMMISSION FOR THE POSSIBILITY OF SUBSTANTIAL (PANAMANIAN) BEEF EXPORTS TO THE EC. THE COMMISSION HAS ASSURED US THAT IT HAS OBTAINED COMMITMENTS FROM TWO EUROPEAN IMPORTERS, ONE FRENCH (ACRONYM /SOCOPA) AND ONE GERMAN, THAT THEY WILL CONTACT PANAMANIAN EXPORTERS REGARDING PURCHASES OF PANAMANIAN MEAT FOR IMPORT INTO THE EEC. SUCCESSFUL OPENING OF THE EC MARKET TO PANAMANIAN MEAT COULD HAVE SUBSTANTIAL BENEFITS IN THE LONG RUN AS WELL AS FOR 1976. IT COULD ADD VALUABLE DIVERSIFICATION TO PANAMA'S EXPORT MARKETS, THEREBY HELPING TO INCREASE EXPORT STABILITY.

D. WE HOPE THAT PROSPECT OF PANAMA'S DIVERSIFYING INTO EC MARKET PLUS POSSIBILITIES FOR SHIPPING IN NON-QUOTA CATEGORIES, E.G. PROCESSED MEAT AND MEAT TO CANAL ZONE, WILL BE FRUITFUL IN SHORT-TERM. MEANWHILE, MOST OBSERVERS EXPECT SIGNIFICANT WORLDWIDE DEMANDS TO DEVELOP IN 1977 AS U.S. AND EUROPE ENTER DOWNTURN IN THEIR CATTLE PRODUCTION CYCLES.

4. GONZALES REPLIED THAT, WHILE PANAMA WOULD EXAMINE PROPOSALS FOR EXPORTS TO THE EC, SUCH SHIPMENTS POSED PROBLEMS OF FINDING REFRIGERATED CARGO SPACE, MARKETING PANAMANIAN CHILLED BEEF IN CONTRAST TO FROZEN PRODUCT, USUALLY SOLD IN EUROPE, AND PRICES, SINCE AFTOSA AREAS IN LATIN AMERICA WERE SOURCES OF CHEAPER BEEF.

5. WE RESPONDED THAT WHILE WE RECOGNIZE THAT THE DEVELOPMENT OF A NEW MARKET IN THE EC ENTAILS SOME PROBLEMS, WE BELIEVE BOTH EXPORTERS AND IMPORTERS CAN BENEFIT IN FINDING SOLUTIONS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 020861

6. EMBASSY SHOULD FOLLOW UP WITH GOP IN ORDER TO CLARIFY THE U.S. POSITION AND ASCERTAIN FEASIBILITY OF NEGOTIATING A VOLUNTARY RESTRAINT AGREEMENT WITH PANAMA IN THE CONTEXT OF THE EC MARKET SOLUTION. YOU SHOULD INDICATE US IS SYMPATHETIC TO PANAMA'S NEEDS AND TO THE IMPORTANCE OF MEAT EXPORTS TO PANAMANIAN DEVELOPMENT. YOU SHOULD DRAW ON PARAS 3 AND 5 IN YOUR PRESENTATION.

7. FORMULATION OF INDIVIDUAL COUNTRY QUOTAS AND OTHER DETAILS OF THE 1976 PROGRAM ARE BEING HELD UP PENDING THE OUTCOME OF DEVELOPMENTS REPORTED ABOVE AND OTHER OUTSTANDING PROBLEMS AND REQUESTS.

8. FYI. EMBASSY IS CORRECT (REF B) THAT 1975 ALLOCATION IS LOWER THAN ACTUAL U.S. IMPORTS FROM PANAMA IN 1974, THE HIGHER OF THE TWO BASE YEARS. ALL PARTICIPATING COUNTRIES' 1975 ALLOCATIONS REFLECTED A SIMILAR PROPORTIONAL CUT FROM THEIR HIGHER YEAR OF THE 1973-74 PERIOD. UNFORTUNATELY, AS GONZALES MADE CLEAR, BOTH 1973 AND 1974 WERE DEPRESSED YEARS FOR PANAMA'S MEAT EXPORT INDUSTRY. THE YEARS IMMEDIATELY PRECEDING THAT PERIOD DURING WHICH PANAMA HAD HIGHER EXPORTS WERE NOT USED FOR A BASE PERIOD BECAUSE VOLUNTARY RESTRAINT PROGRAMS WERE IN EFFECT. EMBASSY STATISTICS QUOTED TO THE DEPARTMENT ARE CORRECT AND LOWER THAN THOSE USED BY GONZALES IN

HIS PRESENTATION. BOTH SIDES RECOGNIZED THAT A SUBSTANTIAL PORTION OF THE DIFFERENCE WAS ATTRIBUTABLE TO PANAMANIAN INCLUSION OF EXPORTS TO THE CANAL ZONE. HOWEVER, EVEN WITHOUT THIS INCLUSION, GONZALES CONTINUED TO MAINTAIN THAT PERMITTED EXPORTS WERE 6 - 6.5 MILLION POUNDS PREVIOUSLY. THE REMAINING DIFFERENCE WAS NOT RECONCILED.

9. WHILE GONZALES IS CORRECT IN HIS STATEMENT THAT AID AND OTHER AGENCIES HAVE ENCOURAGED LONG TERM GROWTH IN PANAMA'S MEAT EXPORTS, IT APPEARS THAT LOW SHIPMENTS DURING 1973 AND 1974 WERE OCCASIONED BY MARKET AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 020861

PASTURE CONDITIONS RATHER THAN BY DELIBERATE ATTEMPT TO BUILD HERD. KISSINGER
UNQTE.

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORT CONTROLS, MEATS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JAN 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE020861
Document Source: CORE
Document Unique ID: 00
Drafter: JTMCCARTHY:CC
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760034-0416
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976019/aaaaahgc.tel
Line Count: 204
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: LIMDIS
Reference: 76 PANAMA 8007, 76 PANAMA 59
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by KelleyW0>; APPROVED <17 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 1976 MEAT IMPORT PROGRAM
TAGS: EAGR, EPAP, ETRD, PN
To: EC BRUSSELS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006